GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:51
ANSWERED ON:17.02.2006
VIOLATION OF GUIDELINES OF RBI
Mane Smt. Nivedita;Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) whether certain nationalised and foreign banks have violated the guidelines of RBI;

(b) if so, the details thereof alongwith the nature of violations;

(c) whether these violations led to laundering of money inside and outside the country;

(d) if so, the details thereof;

(e) the action taken / being tiiken by the Government against these banks; and

(f) the steps taken by the Government to plug th:: loopholes and make the banks accountable?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PA WAN KUMAR BANSAL)

(a), (b) & (e) : The Reserve Bank: of India (RBI)., in exercise of powers vested in it under the provision of section 47 (A) (1) (b) of the Banking Regulation Act, 1949 imposed penalties on ING Vysya Bank, State Bank of More, Bharat Overseas Bank, Indian Overseas Bank, Vijaya Bank, HDFC Bank, ICICI Bank Ltd., Citibank & Standard Chartered Bank for violation of RBI guidelines relating to financing promoter contribution, offering interest concession to the borrowers, availing insurance products, non-adherence to Know Your Customer (KYC) noro-.s or for breach of prudent banking practices etc. during the year 2005-06.

(c).& (d) No instance of violations leading tc laundering of money inside or outside has come to the notice of RBI.

(f) As and when any loophole is observed in the procedure or system, RBI is. advised to take appropriate action and issue necessary instructions to the banks.